

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 1188

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## AN ACT

To provide for disclosures for insurance in interstate  
commerce.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Anti Redlining in In-  
5       surance Disclosure Act”.

1 **SEC. 2. FINDINGS AND CONSTRUCTION.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) disparities in property and casualty insur-  
4 ance coverage provided by insurers engaged in inter-  
5 state commerce between areas of different incomes  
6 and racial composition could adversely affect inter-  
7 state commerce and the cost and availability of in-  
8 surance for consumers, and

9 (2) appropriate disclosures of information by in-  
10 surers would benefit consumers and insurance regu-  
11 lators.

12 (b) CONSTRUCTION.—Nothing in this Act is intended  
13 to, nor shall it be construed to, encourage unsound under-  
14 writing practices.

15 **SEC. 3. MAINTENANCE OF INFORMATION AND PUBLIC DIS-**  
16 **CLOSURE.**

17 (a) GENERAL RULE.—

18 (1) DESIGNATED INSURERS.—

19 (A) IN GENERAL.—Except as provided by  
20 subsection (b)(7), each designated insurer shall,  
21 in accordance with subsection (b), annually  
22 compile, submit to the Secretary, and make  
23 available to the public for each calendar year  
24 and for designated lines of insurance in a des-  
25 ignated MSA—

1 (i) the total number of policies, total  
2 exposure units (in car years and house  
3 years), and total earned premium of insur-  
4 ance policies by designated line which were  
5 issued by such insurer and the new written  
6 exposure units, exposure units canceled,  
7 and the exposure units not renewed by  
8 such insurer, and

9 (ii) the number of licensed agents of  
10 such insurer whose principal place of busi-  
11 ness is located in such designated MSA  
12 and the number within each 5-digit zip  
13 code in such designated MSA and with re-  
14 spect to each such agent, whether such  
15 agent is an employee, independent contrac-  
16 tor working exclusively for such insurer, or  
17 an independent contractor appointed to  
18 represent such insurer on a non-exclusive  
19 basis.

20 (B) SUBMISSIONS AND AVAILABILITY.—

21 The information described in subparagraph (A)  
22 shall be—

23 (i) submitted to the Secretary in ac-  
24 cordance with subsection (d), and

1 (ii) made available to the public, in  
2 accordance with subsection (b)(2), for in-  
3 spection and copying, at cost, at the home  
4 office of the insurer and at a central de-  
5 pository, established under subsection (c),  
6 by the Secretary.

7 (2) NON-DESIGNATED INSURERS.—Except as  
8 provided in subsection (b)(7), every insurer which  
9 sells an insurance policy in a designated line of in-  
10 surance in a designated MSA and which is not a  
11 designated insurer in such MSA shall submit to the  
12 Secretary for each calendar year in accordance with  
13 subsection (d) and regulations of the Secretary the  
14 total exposure units (in car years and house years)  
15 of insurance policies in a designated line sold in such  
16 MSA. With respect to such policies, the insurer shall  
17 report the designated MSA where the insured risks  
18 are located for which such insurance is issued and  
19 within such MSA report the 5-digit zip code where  
20 the risk is located.

21 (b) REQUIREMENTS.—

22 (1) CONTENT.—The information required to be  
23 maintained and made available under subsection  
24 (a)(1) shall be itemized in order to clearly and con-  
25 spicuously disclose the policies, the exposure units,

1 and the premium amount for each line of insurance  
2 for which information is required and be itemized by  
3 the 5-digit zip code where the risks are located.

4 (2) AVAILABILITY TO THE PUBLIC.—The infor-  
5 mation required to be maintained and made avail-  
6 able under subsection (a) shall be made available to  
7 the public on a timetable determined by the Sec-  
8 retary but not later than October 1 of the calendar  
9 year following the calendar year for which the infor-  
10 mation is required to be made available, except that  
11 such information shall not be made available to the  
12 public until it is available in its entirety but it shall  
13 be made available if not all the information required  
14 to be reported is available on such October 1 or on  
15 the date determined by the Secretary.

16 (3) SPECIFICATION OF DATA.—

17 (A) IN GENERAL.—With respect to infor-  
18 mation which is required to be maintained and  
19 made available under subsection (a)(1), the Sec-  
20 retary shall by regulation establish specifica-  
21 tions for the collection and public reporting of  
22 such information with respect to the following  
23 lines of insurance: private passenger auto-  
24 mobile, homeowners, and dwelling fire and al-  
25 lied lines. The specifications shall—

1 (i) provide that information be aggregated among similar policyholders and reported on that basis,

2 (ii) be designed to collect information with respect to the availability, cost, and type of insurance coverage between and among various geographic areas,

3 (iii) detail what data elements should be collected,

4 (iv) provide for the collection of information on an individual insurer basis,

5 (v) minimize burdens on insurance agents, including independent insurance agents,

6 (vi) provide the data required by clause (ii) with the least burden on insurers, particularly small insurers,

7 (vii) take into account the types of data collected under the Home Mortgage Disclosure Act of 1975,

8 (viii) take into account existing statistical reporting systems in the insurance industry,

9 (ix) require itemization by 5-digit zip code, and

1 (x) include information on policies  
2 written in a residual market.

3 (B) CONSULTATIONS.—In developing the  
4 specifications in subparagraph (A), the Sec-  
5 retary shall consult with—

6 (i) other Federal agencies with appro-  
7 priate expertise,

8 (ii) State insurance regulators,

9 (iii) representatives of the insurance  
10 industry, including statistical agents,

11 (iv) representatives of insurance pro-  
12 ducers, including minority insurance pro-  
13 ducers, and

14 (v) consumer, community, and civil  
15 rights groups who are representative of a  
16 diversity of geographic locations.

17 (C) EFFECTIVE DATE.—The regulation  
18 under subparagraph (A) shall be issued no later  
19 than 270 days after the date of the enactment  
20 of this Act.

21 (4) COMMERCIAL INSURANCE STUDY AND PILOT  
22 PROJECT.—

23 (A) STUDY.—The Secretary shall conduct  
24 a study regarding the availability of commercial  
25 insurance (other than professional liability in-

1           surance, workers compensation insurance, and  
2           title insurance) with special emphasis on the  
3           availability of commercial insurance for small  
4           business. The study shall focus on—

5                   (i) an appropriate definition for small  
6                   business; and

7                   (ii) preliminary views regarding the  
8                   availability, cost, and type of insurance  
9                   coverage for small business, which may be  
10                  based on surveys of members of the small  
11                  business community.

12          In conducting the study, the Secretary shall  
13          consult with interested parties from a diversity  
14          of locations, including State insurance regu-  
15          lators, consumer, community, and civil rights  
16          groups, representatives of small business, rep-  
17          resentatives of the insurance industry, including  
18          statistical agents, and representatives of insur-  
19          ance producers, including minority insurance  
20          producers. The Secretary shall submit a report  
21          detailing the findings of the study to the Com-  
22          mittee on Energy and Commerce of the House  
23          of Representatives and the appropriate commit-  
24          tee of the Senate no later than 18 months fol-  
25          lowing the date of enactment of this Act.



1 (B) PROPOSAL OF PILOT PROJECT.—Con-  
2 current with the conduct of the study under  
3 subparagraph (A), the Secretary shall develop a  
4 proposed data collection pilot project in the 5  
5 largest MSA's to help determine the need for  
6 any further data collection requirements to  
7 evaluate the availability, cost, and type of insur-  
8 ance coverage for small business. In developing  
9 the proposed pilot project, the Secretary shall  
10 consult with interested parties from a diversity  
11 of locations, including State insurance regu-  
12 lators, consumer, community, and civil rights  
13 groups, representatives of small business, rep-  
14 resentatives of the insurance industry, including  
15 statistical agents, and representatives of insur-  
16 ance producers, including minority insurance  
17 producers. The Secretary shall submit a specific  
18 proposal for a pilot project to the Committee on  
19 Energy and Commerce of the House of Rep-  
20 resentatives and the appropriate committee of  
21 the Senate no later than 18 months following  
22 the date of enactment of this Act.

23 (C) SPECIFICATIONS FOR PILOT  
24 PROJECT.—Immediately following the submis-  
25 sion of the proposal for a pilot project, the Sec-

1       retary shall, by regulation, establish specifica-  
2       tions for the collection and public reporting of  
3       information with respect to commercial insur-  
4       ance for the proposed pilot project. As part of  
5       the specifications, the Secretary shall designate  
6       the 5 largest MSA's for purposes of the pilot  
7       project. The specifications shall—

8               (i) provide that information be aggre-  
9               gated among similar policyholders and re-  
10              ported on that basis,

11             (ii) be designed to collect information  
12             with respect to the availability, cost, and  
13             type of insurance coverage between and  
14             among various geographic areas,

15             (iii) provide for the collection of infor-  
16             mation on an individual insurer basis,

17             (iv) provide the data required by  
18             clause (ii) with the least burden on insur-  
19             ers, particularly small insurers, and insur-  
20             ance agents, including independent insur-  
21             ance agents,

22             (v) take into account existing statis-  
23             tical reporting systems in the insurance in-  
24             dustry and use existing data sources to the  
25             maximum practical extent,

1 (vi) include information on policies  
2 written in a residual market,

3 (vii) detail what data elements should  
4 be collected,

5 (viii) detail what insurers should be  
6 designated insurers for purposes of the  
7 pilot project,

8 (ix) detail what lines of commercial  
9 insurance should be designated for pur-  
10 poses of the pilot project, with particular  
11 consideration given to commercial fire and  
12 business owners lines,

13 (x) include an appropriate definition  
14 of small business, if necessary,

15 (xi) provide data representative of at  
16 least 2 years of experience and provide  
17 that the pilot project will terminate no  
18 later than 2 years after its inception, and

19 (xii) provide adequate lead time to in-  
20 surers designated under clause (viii) for  
21 the reporting to begin.

22 The regulation shall be issued within 2 years of  
23 the date of enactment of this Act.

24 (D) REPORTING UNDER PILOT PROJECT.—

25 Insurers designated under subparagraph

1 (C)(viii) shall report to the Secretary with re-  
2 spect to lines of insurance designated under  
3 subparagraph (C)(ix) in the 5 largest MSA's,  
4 pursuant to the regulation issued by the Sec-  
5 retary in subparagraph (C).

6 (E) ANALYSIS OF DATA UNDER PILOT  
7 PROJECT.—At the conclusion of the pilot  
8 project, the Secretary shall analyze the data  
9 collected. Within 1 year of the conclusion of the  
10 pilot project, the Secretary shall report to the  
11 Committee on Energy and Commerce of the  
12 House of Representatives and the appropriate  
13 committee of the Senate on—

14 (i) any conclusions of the Secretary  
15 regarding the data collected under the pilot  
16 project, particularly regarding the avail-  
17 ability, cost, and type of commercial insur-  
18 ance for small business, and

19 (ii) the need for further data collec-  
20 tion requirements to evaluate the availabil-  
21 ity, cost, and type of such coverage or to  
22 help ensure the availability of such cov-  
23 erage.

24 (5) PERIOD OF MAINTENANCE.—Any informa-  
25 tion required to be compiled and made available

1 under subsection (a) shall be maintained and made  
2 available for a period of 3 years after the close of  
3 the first year during which such information is re-  
4 quired to be maintained and made available.

5 (6) FORMAT FOR DISCLOSURES.—Subject to  
6 subsection (c), the Secretary shall prescribe a stand-  
7 ard format for making information available as re-  
8 quired by subsection (a). Such format shall encour-  
9 age the submission of information in a form read-  
10 able by a computer.

11 (7) EXEMPTION.—

12 (A) SECRETARIAL ACTION.—If the Sec-  
13 retary determines that a State has enacted a  
14 law, or otherwise implemented a requirement  
15 under which—

16 (i) insurers operating in that State  
17 are subject to disclosure requirements on a  
18 5-digit zip code basis substantially similar  
19 to those of subsection (a),

20 (ii) there are adequate provisions for  
21 enforcement, and

22 (iii) the information disclosed under  
23 the State law or requirement is made avail-  
24 able to the Secretary and the public in a

1 manner similar to other information dis-  
2 closed under subsection (a),  
3 then the Secretary shall by regulation exempt  
4 insurers operating in that State from complying  
5 with the requirements of subsection (a) with re-  
6 spect to that State's portions of the designated  
7 MSA's. If the Secretary determines that the  
8 State law or requirement no longer meets the  
9 criteria of clauses (i) through (iii) or is no  
10 longer in effect, the Secretary shall by regula-  
11 tion revoke the exemption.

12 (B) UNITED STATES PROGRAM.—Report-  
13 ing shall not be required under subsection (a)  
14 with respect to insurance provided by a pro-  
15 gram underwritten or administered by the Unit-  
16 ed States.

17 (c) PUBLIC ACCESS SYSTEM.—The Secretary shall  
18 implement a system to facilitate public access to informa-  
19 tion required to be made available to the public under sub-  
20 section (a). Such system shall include arrangements for  
21 a central depository of information in each designated  
22 MSA and for a telephone number which can be used by  
23 the public, at cost, to request such information. State-  
24 ments shall be made available to the public for inspection  
25 and copying at such central depository of information for

1 all designated insurers within such MSA. The Secretary  
2 shall also make copies of such statements available in  
3 forms readable by widely used personal computers, such  
4 as in disc format. The Secretary may charge a fee for such  
5 information, which may not exceed the amount, deter-  
6 mined by the Secretary, that is equal to the cost of repro-  
7 ducing the information.

8 (d) SUBMISSION TO SECRETARY.—With respect to  
9 the information required to be submitted under subsection  
10 (a) to the Secretary, the Secretary shall develop regula-  
11 tions prescribing the format and method for submitting  
12 such information. Such regulations shall ensure uniform-  
13 ity among insurers, to the extent practicable, in the format  
14 used for reporting, including the definitions of data ele-  
15 ments. Any reporting insurer may submit in writing to  
16 the Secretary such additional data or explanations as it  
17 deems relevant to the decision by such insurer to sell in-  
18 surance.

19 **SEC. 4. DESIGNATIONS.**

20 (a) DESIGNATIONS BY THE SECRETARY.—

21 (1) DESIGNATIONS OF MSA'S.—The Secretary  
22 shall designate the MSA's for which reporting is re-  
23 quired under section 3(a). The Secretary shall des-  
24 ignate the 25 MSA's having the largest population.

1           (2) DESIGNATION OF INSURERS.—For each  
2           MSA designated under paragraph (1), the Secretary  
3           shall take the following actions:

4                   (A) The Secretary shall designate the in-  
5                   surers transacting insurance business in such  
6                   MSA for which reporting is required under sec-  
7                   tion 3(a). At a minimum, the Secretary shall  
8                   designate the 25 insurers in such MSA having  
9                   the largest premium volume in the designated  
10                  lines of insurance in each State in which such  
11                  MSA is located.

12                  (B) In addition to the insurers designated  
13                  under subparagraph (A), the Secretary shall  
14                  also designate any entity primarily providing in-  
15                  surance in a designated line of insurance as  
16                  part of a residual market established by State  
17                  law.

18                  (C) The Secretary shall also designate, in  
19                  addition to the insurers designated under sub-  
20                  paragraphs (A) and (B), insurers who specialize  
21                  in selling insurance in urban areas, including  
22                  surplus lines insurers.

23                  (D) The Secretary shall also designate, in  
24                  addition to the insurers designated under sub-  
25                  paragraph (A), (B), and (C) insurers such that



1 insurers representing at least 80 percent of the  
2 premium volume in each State in which such  
3 MSA is located in the designated line of insur-  
4 ance are designated in such MSA. The Sec-  
5 retary may not designate additional insurers  
6 under this subparagraph if their market share  
7 in the designated line of insurance in the appli-  
8 cable States, as measured by premium volume  
9 in each State in which such MSA is located, is  
10 under 1 percent.

11 (E) In addition to the insurers designated  
12 under subparagraph (A), (B), (C), and (D) the  
13 Secretary may by regulation designate addi-  
14 tional insurers in a MSA if the designation of  
15 additional insurers is necessary to provide valid  
16 data with respect to the availability, cost, and  
17 type of insurance in the MSA.

18 (F) The Secretary shall revoke the des-  
19 ignation of an insurer designated under sub-  
20 paragraph (A) as follows: If such designated in-  
21 surer has a market share in a designated line  
22 of insurance in a MSA, as measured by pre-  
23 mium volume in each State in which such MSA  
24 is located, of under 1 percent, the Secretary  
25 shall revoke the designation of such insurer be-

1           ginning with the insurer with the smallest mar-  
2           ket share of such insurance if the remainder of  
3           the designated insurers have a market share of  
4           at least 75 percent of such insurance as meas-  
5           ured by premium volume in each State in which  
6           such MSA is located. In addition, the Secretary  
7           may revoke the designation of any insurer des-  
8           ignated under subparagraph (A) with a market  
9           share in a designated line of insurance in a  
10          MSA, as measured by premium volume in each  
11          State in which such MSA is located, of under  
12          1 percent if such designation has not been re-  
13          voked under this subparagraph and if such in-  
14          surer primarily sells insurance in rural areas of  
15          such MSA.

16               (G) For purposes of this paragraph, insur-  
17               ers which are affiliated or are members of the  
18               same group shall be considered together as one  
19               insurer.

20               (3) DESIGNATION OF LINES OF INSURANCE.—

21          For each MSA designated under paragraph (1) the  
22          following are the designated lines of property and  
23          casualty insurance for which reporting is required  
24          under section 3:

1 (A) Private passenger automobile insur-  
2 ance.

3 (B) Homeowners insurance.

4 (C) Dwelling fire and allied lines of insur-  
5 ance.

6 (4) TIMING OF DESIGNATIONS.—

7 (A) INITIAL DESIGNATIONS.—The Sec-  
8 retary shall make initial designations required  
9 by paragraphs (1), (2), and (3) no later than  
10 July 1 of the year preceding the first year for  
11 which reporting is required under section 3.  
12 Such initial designations shall be effective for 5  
13 calendar years from the date of designation.

14 (B) SUBSEQUENT DESIGNATIONS.—Not  
15 later than July 1 of the year preceding the fifth  
16 year after a designation under subparagraph  
17 (A) or this subparagraph, the Secretary shall  
18 make another designation to be effective upon  
19 the expiration of such 5 years and such des-  
20 ignation shall be effective for 5 calendar years  
21 from the date of designation.

22 (C) NOTICE.—The Secretary shall notify  
23 persons involved in the designations no later  
24 than the July 15 which follows the designation.

1 (b) OBTAINING INFORMATION.—The Secretary may  
2 obtain from insurers such information as the Secretary  
3 may require to make designations under subsection (a).

4 **SEC. 5. TASK FORCE ON AGENCY APPOINTMENTS.**

5 (a) ESTABLISHMENT.—Within 90 days of the date of  
6 the enactment of this Act, the Secretary shall establish  
7 a task force on insurance agency appointments. The task  
8 force shall—

9 (1) consist of representatives of appropriate  
10 Federal agencies, property and casualty insurance  
11 agents, including specifically minority insurance  
12 agents, property and casualty insurance companies,  
13 State insurance regulators, and public interest  
14 groups,

15 (2) have a significant representation from mi-  
16 nority insurance agents, and

17 (3) be chaired by the Secretary or the Sec-  
18 retary's designee.

19 (b) FUNCTION.— The task force shall—

20 (1) review the problems inner city and minority  
21 agents may have in receiving appointments to rep-  
22 resent property and casualty insurance companies,

23 (2) review the practices of insurers in terminat-  
24 ing agents and consider the effect such practices

1 have on the availability or cost of insurance, espe-  
2 cially in underserved areas, and

3 (3) recommend solutions to improve the ability  
4 of inner city and minority insurance agents to mar-  
5 ket property and casualty insurance products, in-  
6 cluding steps property and casualty insurance com-  
7 panies should take to increase their appointments of  
8 such agents.

9 (c) REPORT AND TERMINATION.—The task force  
10 shall report to the Committee on Energy and Commerce  
11 of the House of Representatives and the appropriate Com-  
12 mittee of the Senate its findings under paragraphs (1) and  
13 (2) of subsection (b) and its recommendations under para-  
14 graph (3) of subsection (b) within 2 years after the date  
15 of the enactment of this Act. The task force shall termi-  
16 nate when the report is submitted to the Committees.

17 **SEC. 6. IMPLEMENTATION OF SECTION 3.**

18 (a) REGULATIONS.—The Secretary shall promulgate  
19 such regulations as may be necessary to carry out section  
20 3. Such regulations may—

21 (1) contain such classifications, differentiations,  
22 or other provisions, and

23 (2) may provide for such adjustments and ex-  
24 ceptions for any class of transactions,

1 as in the judgment of the Secretary are necessary and  
2 proper to effectuate the purposes of such section and to  
3 prevent circumvention or evasion thereof or to facilitate  
4 compliance therewith.

5 (b) DATA COLLECTION CONTRACTOR.—The Sec-  
6 retary may contract with a data collection contractor to  
7 carry out the Secretary's responsibilities under section 3  
8 if the contractor agrees to collect and make available the  
9 data pursuant to the terms and conditions of such section.  
10 A statistical agent may also be a data contractor.

11 (c) ROLE OF STATISTICAL AGENTS.—

12 (1) ACCEPTANCE OF DATA.—The Secretary  
13 and, if applicable, the contractor under the sub-  
14 section (b) contract may accept data reported under  
15 section 3(a) by a statistical agent acting on behalf  
16 of more than one insurer if—

17 (A) the statistical plan used by the statis-  
18 tical agent for the reporting of data on insur-  
19 ance provides for the reporting of data in a  
20 manner compatible with section 3(a),

21 (B) the statistical agent reports such data  
22 on an individual insurer basis, and, at the dis-  
23 cretion of the Secretary, on an aggregate basis,

1 (C) the statistical agent provides adequate  
2 procedures to protect the integrity of the data  
3 reported,

4 (D) the statistical agent has procedures in  
5 place which ensure that data reported under the  
6 statistical plan in connection with reporting  
7 under this Act and submitted to the Secretary  
8 are not subject to adjustment by the statistical  
9 agent or an insurer for reasons other than tech-  
10 nical accuracy and conformance to the statis-  
11 tical plan,

12 (E) the statistical agent ensures that the  
13 data of one insurer is not subject to review by  
14 other insurers before public availability, and

15 (F) the statistical agent provides for the  
16 reporting of data in a manner compatible with  
17 the format prescribed by the Secretary under  
18 section 3(d).

19 (2) DISCONTINUANCE OF DATA ACCEPTANCE.—  
20 The Secretary may, after providing an opportunity  
21 for a hearing, discontinue accepting data reported  
22 under section 3(a) by a statistical agent acting on  
23 behalf of more than one insurer if the Secretary de-  
24 termines the requirements for acceptance of data in  
25 paragraph (1) are no longer met.

1 (d) ROLE OF GAO.—The Comptroller General shall  
2 have the authority to review and audit any data collection  
3 and reporting performed under section 3, whether by the  
4 Secretary, the contractor under the subsection (b) con-  
5 tract, or a statistical agent, to ensure that the integrity  
6 of the data collected and reported is protected.

7 (e) BURDENS ON INSURANCE AGENTS.—In prescrib-  
8 ing regulations under this Act, the Secretary shall take  
9 into consideration the administrative, paperwork, and  
10 other burdens on insurance agents, including independent  
11 insurance agents, involved in complying with the require-  
12 ments of this Act and shall minimize the burdens imposed  
13 by such requirements with respect to such agents.

14 **SEC. 7. RELATION TO STATE LAWS.**

15 This Act does not annul, alter, or affect, or exempt  
16 the obligation of any insurer subject to this Act to comply  
17 with the laws of any State or subdivision thereof with re-  
18 spect to public disclosure and recordkeeping.

19 **SEC. 8. COMPILATION OF AGGREGATE DATA.**

20 (a) SCOPE OF DATA AND TABLES.—The Secretary  
21 shall compile each year, for each MSA, data aggregated  
22 by 5-digit zip code for all insurers who are subject to sec-  
23 tion 3 or who are exempt from section 3 under subsection  
24 (b)(7)(A) of such section. The Secretary shall also produce  
25 tables indicating, for each MSA, insurance policies aggre-



1 gated for various categories of 5-digit zip codes grouped  
2 according to location, age of property, income level, and  
3 racial characteristics of neighborhood.

4 (b) AGGREGATION OF INFORMATION.—Statistical  
5 agents may aggregate the data of insurers that report to  
6 them and may provide such information to the Secretary.  
7 The Secretary may also provide the individual company  
8 data submitted by insurers to statistical agents for aggre-  
9 gation.

10 (c) AVAILABILITY TO PUBLIC.—The data compiled  
11 and the tables produced pursuant to subsection (a) shall  
12 be made available to the public on a timetable determined  
13 by the Secretary but not later than October 1 of the year  
14 following the calendar year on which the data and tables  
15 are based.

16 **SEC. 9. ENFORCEMENT.**

17 (a) CIVIL PENALTIES.—Any insurer who is deter-  
18 mined by the Secretary, after providing opportunity for  
19 a hearing on the record, to have violated the requirements  
20 of section 3 shall be subject to a civil penalty of not to  
21 exceed \$5,000 for each day during which such violation  
22 continues.

23 (b) INJUNCTION.—The Secretary may bring an ac-  
24 tion in an appropriate United States district court for ap-

1 appropriate declaratory and injunctive relief against any in-  
2 surer who violates the requirements of section 3.

3 (c) INSURER LIABILITY.—An insurer shall be respon-  
4 sible under subsections (a) and (b) for any violation of  
5 a statistical agent acting on behalf of the insurer.

6 **SEC. 10. SUNSET.**

7 (a) EXPIRATION.—Except as provided in subsection  
8 (b), this Act shall not be in effect after the expiration of  
9 5 years from its effective date. Prior to the expiration of  
10 4 years from such date, the Secretary shall report to the  
11 Energy and Commerce Committee of the House of Rep-  
12 resentatives and the appropriate committee of the Sen-  
13 ate—

14 (1) the quality of data received under section 3  
15 and the effectiveness of the data requirement, in-  
16 cluding the relation between the cost of such data  
17 gathering and the benefits from having such data  
18 available,

19 (2) the appropriateness of the geographic data  
20 reporting units,

21 (3) the need for continued reporting by the des-  
22 ignated insurers in urban areas,

23 (4) the efforts of insurers to meet the insurance  
24 needs of minority and low-income neighborhoods,  
25 and

1           (5) such other information as the Secretary de-  
2       termines will assist in considering an extension of  
3       this Act.

4       (b) EXTENSION.—Based on the Secretary’s report on  
5       the need described in subsection (a)(3) and the informa-  
6       tion described in subsection (a)(5), the Secretary may ex-  
7       tend this Act for one period of 2 years.

8       **SEC. 11. STUDIES.**

9       (a) STUDY OF INFORMATION ON INSURANCE APPLI-  
10      CANTS.—

11           (1) IN GENERAL.—The Secretary shall conduct  
12       a study to determine the feasibility and utility of the  
13       collection of information with respect to the charac-  
14       teristics of applicants for insurance and reasons for  
15       rejection of applicants. The study shall examine the  
16       extent to which—

17           (A) oral applications or representations are  
18       used by insurers and agents in making deter-  
19       minations regarding whether or not to insure a  
20       prospective insured,

21           (B) written applications are used by insur-  
22       ers and agents in making determinations re-  
23       garding whether or not to insure a prospective  
24       insured,

1 (C) written applications are submitted  
2 after the insurer or agent has already made a  
3 determination to provide insurance to a pro-  
4 spective insured or has determined that the pro-  
5 spective insured is eligible for insurance, and

6 (D) prospective insureds are discouraged  
7 from submitting applications for insurance  
8 based, in whole or in part, on—

9 (i) the location of the risk to be in-  
10 sured,

11 (ii) the race or ethnicity of the pro-  
12 spective insured,

13 (iii) the racial or ethnic composition of  
14 the neighborhood in which the risk to be  
15 insured is located, and

16 (iv) in the case of residential property  
17 insurance, the age and value of the risk to  
18 be insured.

19 (2) REPORT.—The Secretary shall report the  
20 results of the study under paragraph (1) to the  
21 Committee on Energy and Commerce of the House  
22 of Representatives and the appropriate Committee of  
23 the Senate within 18 months of the date of the en-  
24 actment of this Act.

1       (b) STUDY OF INSURER ACTIONS TO MEET INSUR-  
2 ANCE NEEDS OF CERTAIN NEIGHBORHOODS.—The Sec-  
3 retary shall conduct a study of various practices, actions,  
4 programs, and methods undertaken by insurers to meet  
5 the property and casualty insurance needs of residents of  
6 low- and moderate-income neighborhoods, minority neigh-  
7 borhoods, and small businesses located in such neighbor-  
8 hoods. The Secretary may establish a task force of inter-  
9 ested parties, including representatives of insurance com-  
10 panies, insurance agents, including minority agents, and  
11 consumer representatives to discuss additional practices,  
12 actions, programs, and methods to meet these needs. The  
13 Secretary shall report the results of the study, including  
14 any recommendations, to the Committee on Energy and  
15 Commerce of the House of Representatives and the appro-  
16 priate Committee of the Senate no later than 2 years after  
17 the date of the enactment of this Act.

18 **SEC. 12. DEFINITIONS.**

19       For purposes of this Act:

20           (1) The term “commercial insurance” means  
21       any line of property and casualty insurance, except  
22       private passenger automobile and homeowner’s in-  
23       surance.

1           (2) The term “designated insurer” means an  
2 insurer designated by the Secretary pursuant to sec-  
3 tion 4(a)(2).

4           (3) The term “designated line” means a line of  
5 insurance specified in section 4(a)(3).

6           (4) The term “exposure units” means units in-  
7 sured against risk of loss by an insurer and the term  
8 “units” means an automobile or the number of units  
9 in a building.

10          (5) The term “insurer” means any corporation,  
11 association, society, order, firm, company, partner-  
12 ship, individual, or aggregation of individuals which  
13 is subject to examination or supervision by any State  
14 insurance regulator, or which is doing or represents  
15 an insurance business. Such term does not include  
16 an individual or entity which represents an insurer  
17 as agent for the purpose of selling or which rep-  
18 represents a consumer as a broker for the purpose of  
19 buying insurance.

20          (6) The term “MSA” means a Metropolitan  
21 Statistical Area or a Consolidated Metropolitan Sta-  
22 tistical Area and the term “designated MSA” means  
23 an MSA designated by the Secretary pursuant to  
24 section 4(a)(1).

1           (7) The term “property and casualty insur-  
2           ance” means insurance against loss of or damage to  
3           property, insurance against loss of income or extra  
4           expense incurred because of loss of, or damage to,  
5           property, and insurance against third party liability  
6           claims caused by negligence or imposed by statute or  
7           contract.

8           (8) The term “residual market” means an as-  
9           signed risk plan, joint underwriting association, or  
10          any similar mechanism designed to make insurance  
11          available to those unable to obtain it in the vol-  
12          untary market.

13          (9) The term “Secretary” means the Secretary  
14          of Commerce.

15          (10) The term “State” means any State, the  
16          District of Columbia, the Commonwealth of Puerto  
17          Rico, the Northern Mariana Islands, the Virgin Is-  
18          lands, American Samoa, and the Trust Territory of  
19          the Pacific Islands.

1 **SEC. 13. EFFECTIVE DATE.**

2       The requirements of this Act shall take effect with  
3 respect to information on insurance described in section  
4 3 and developed in and after calendar year 1995.

Passed the House of Representatives July 20, 1994.

Attest:

*Clerk.*





103D CONGRESS  
2D SESSION

**H. R. 1188**

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**AN ACT**

To provide for disclosures for insurance in  
interstate commerce.